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B104 (FORM 104) (08/07) EDVA

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)		
PLAINTIFFS	DEFEND	ANTS		
ATTORNEYS (Firm Name, Address, and Telephone No.)	ATTORN	EYS (If Known)		
PARTY (Check One Box Only) □ Debtor □ U.S. Trustee/Bankruptcy Admin □ Creditor □ Other □ Trustee	PARTY (C Debtor Creditor Trustee	Check One Box Only) □ U.S. Trustee/Bankruptcy Admin □ Other		
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)				
FRBP 7001(1) – Recovery of Money/Property 11-Recovery of money/property - \$542 turnover of property 12-Recovery of money/property - \$547 preference 13-Recovery of money/property - \$548 fraudulent transfer 14-Recovery of money/property - other	FRBP 7001(6) – Dischargeability (continued) 61-Dischargeability - \$523(a)(5), domestic support 68-Dischargeability - \$523(a)(6), willful and malicious injury 63-Dischargeability - \$523(a)(8), student loan 64-Dischargeability - \$523(a)(15), divorce or separation obligation			
FRBP 7001(2) – Validity, Priority or Extent of Lien 21-Validity, priority or extent of lien or other interest in property	65-Discha	han domestic support) rgeability - other		
FRBP 7001(3) – Approval of Sale of Property ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h)	71-Injunc	- Injunctive Relief tive relief – imposition of stay tive relief – other		
FRBP 7001(4) – Objection/Revocation of Discharge 41-Objection / revocation of discharge - §727(c),(d),(e)		Subordination of Claim or Interest dination of claim or interest		
FRBP 7001(5) − Revocation of Confirmation 51-Revocation of confirmation		Declaratory Judgment ratory judgment		
FRBP 7001(6) – Dischargeability ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	Other SS-SIPA	D) Determination of Removed Action mination of removed claim or cause Case – 15 U.S.C. §§78aaa et.seq. (e.g. other actions that would have been brought in state court		
· · ·		elated to bankruptcy case)		
☐ Check if this case involves a substantive issue of state law ☐ Check if a jury trial is demanded in complaint	Demand \$	this is asserted to be a class action under FRCP 23		
Other Relief Sought				

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B104 (FORM 104) (08/07), Page 2

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES				
NAME OF DEBTOR		BANKRUPTCY CASE NO.		
DISTRICT IN WHICH CASE IS PENDING		DIVISION OFFICE	NAME OF JUDGE	
RELATED ADVERSARY PROCEEDING (IF ANY)				
PLAINTIFF	DEFENDANT	Γ	ADVERSARY PROCEEDING NO.	
DISTRICT IN WHICH ADVERSARY IS PENDIN	1G	DIVISION OFFICE	NAME OF JUDGE	
SIGNATURE OF ATTORNEY (OR PLAINTIFF)				
DATE		PRINT NAME OF ATTORNE	EY (OR PLAINTIFF)	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 104, the Adversary Proceeding Cover Sheet, *unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

*Per LBR 7003-1, in the EDVA, a properly completed Adversary Proceeding Cover Sheet is required.

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IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA RICHMOND DIVISION

In re:) Case No. 08-35653 (KRH)
CIRCUIT CITY STORES, INC., et al.,) Chapter 11
Debtors.) (Jointly Administered)
ALFRED H. SIEGEL, AS TRUSTEE OF THE CIRCUIT CITY STORES, INC. LIQUIDATING TRUST,)) Adv. Pro. No. 10)
Plaintiff,)
v.)
GAME TRADING TECHNOLOGIES, INC., PLANET REPLAY LLC,)))
Defendants.	,

THE LIQUIDATING TRUSTEE'S COMPLAINT TO RECOVER AMOUNTS OWING TO THE ESTATE AND OBJECTION TO CLAIM NO. 15

Alfred H. Siegel, the duly appointed trustee of the Circuit City Stores, Inc.

Liquidating Trust (the "Trustee"), pursuant to the Second Amended Joint Plan of

Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors in

Possession and its Official Committee of Creditors Holding General Unsecured

Claims (the "Plan"), for his complaint and for his objection to Proof of Claim No. 15

(the "Complaint") against Planet Replay LLC and Game Trading Technologies, Inc.

(collectively, "Defendant"), alleges as follows:

NATURE OF THE ACTION

1. The Trustee brings this action against Defendant to recover amounts due and owing from Defendant to Circuit City arising from the relationship between the parties. In addition to contractual claims, the Trustee seeks recovery for unjust enrichment as well as turnover of property of the bankruptcy estates. Finally, the Trustee objects to Defendant's proof of claim filed against the Debtors' estates.

THE PARTIES

2. The Trustee ("Trustee" or "Plaintiff") is the duly appointed trustee of the Circuit City Stores, Inc. Liquidating Trust (the "Trust"). Pursuant to Articles II and III of the Trust, the Trustee has the sole authority to pursue claims transferred to the Trust by the Debtors through the Plan, and to litigate objections to claims asserted against the Debtors' estates.

- 3. Prior to the Effective Date of the Plan, Circuit City Stores, Inc. and its affiliated debtors in possession (collectively "Circuit City" or the "Debtors")¹ were corporations that maintained their respective principal places of business in the locations set forth below, and were the debtors in the above-captioned chapter 11 bankruptcy cases.
- 4. Upon information and belief, Planet Replay LLC is a limited liability company organized under the laws of the State of Maryland with its principal place of business in Towson, Maryland. Upon information and belief, Planet Reply LLC has discontinued operations and is a retail affiliate of Game Trading Technologies, Inc., which is a corporation organized under the laws of the State of Delaware with its principal place of business in Hunt Valley, Maryland.

JURISDICTION AND VENUE

- This Court has jurisdiction to consider this matter under 28U.S.C. §§ 157 and 1334.
 - 6. This is a core proceeding under 28 U.S.C. § 157(b).

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

- 7. Venue of these chapter 11 cases and this adversary proceeding in this district and before this Court is proper under 28 U.S.C. §§ 1408 and 1409.
- 8. The statutory and legal predicates for the relief requested by the Complaint are sections 105, 502, 541, 542, and 558 of title 11, United States Code (the "Bankruptcy Code"), Bankruptcy Rules 3007 and 7001, and Local Bankruptcy Rule 3007-1.

PERTINENT FACTS

A. General Case Background

- 9. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code, and until the effective date of the Plan, continued to operate as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.
- 10. On November 12, 2008, the Office of the United States

 Trustee for the Eastern District of Virginia appointed a statutory committee of
 unsecured creditors (the "Creditors' Committee").
- 11. On January 16, 2009, the Court authorized the Debtors to, among other things, conduct going out of business sales at all of the Debtors' retail locations (the "Stores") pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales at the Stores pursuant to the

Agency Agreement. As of March 8, 2009, the going out of business sales at the Debtors' stores were completed.

- 12. On August 9, 2010, the Debtors and the Creditors' Committee filed the Plan, which provides for the liquidation of the Debtors' assets and distribution of the proceeds thereof under chapter 11 of the Bankruptcy Code.
- 13. On September 10, 2010, the United States Bankruptcy Court,Eastern District of Virginia, signed an Order confirming the Plan.
- 14. The Plan became effective on November 1, 2010 (the "Effective Date").

B. The Business Relationship Between Circuit City and Defendant

- Debtors were a leading specialty retailer of consumer electronics and operated large nationwide electronics stores that sold, among other things, televisions, home theatre systems, computers, camcorders, furniture, software, imaging and telecommunications products, and other audio and video electronics.
- 16. During the course of the parties' relationship, the parties engaged in numerous transactions, that are reflected in invoices, communications and other documents (collectively, the "Defendant's Agreements").
- 17. Circuit City purchased goods from the Defendant pursuant to the Defendant's Agreements.

- 18. Circuit City and Defendant conducted business with one another up to and through the Petition Date, under the Defendant's Agreements.
- 19. During the ordinary course of the Debtors' business, the Debtors maintained books and records of their transactions with Defendant (the "Books and Records").

C. Amounts Allegedly Owed to Defendant and Defendant's Proof of Claim

(1) <u>Claim No. 15</u>

- 20. On or about November 19, 2008, Defendant filed a claim in the amount \$446,992.50 as a general unsecured, non-priority claim. The Claims Agent appointed by the Court designated the claim as Claim No. 15 (the "General Unsecured Claim").
- 21. The General Unsecured Claim was filed on account of goods and services allegedly provided to Circuit City prior to the Petition Date.

D. Amounts Owed to Circuit City by Defendant

- 22. As of the date hereof, on account of the prepetition business conducted between Defendant and Circuit City pursuant to the Defendant's Agreements or otherwise, Defendant is indebted to Circuit City on account of \$20,000 of unpaid chargeback obligations (the "Unpaid Obligations") used to cover expenses related to markdowns.
- 23. The Unpaid Obligations are due, owing, and payable by Defendant to Circuit City.

COUNT I

BREACH OF CONTRACT

- 24. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 25. Pursuant to the Defendant's Agreements, Defendant is obligated to pay to the Debtors the Unpaid Obligations as and for chargebacks under the Defendant's Agreements, as set forth in Paragraph 23, supra.
- 26. The Defendant's Agreements are valid and enforceable agreements against Defendant.
- 27. The Debtors performed their obligations under the Defendant's Agreements with respect to the Unpaid Obligations.
- 28. Defendant's failure to compensate the Debtors for the Unpaid Obligations constitutes a material breach of Defendant's obligations under the Defendant's Agreements.
- 29. As a direct and proximate result of Defendant's breaches, the Debtors incurred damages in an amount not less than \$20,000.
- 30. Accordingly, the Trustee is entitled to a judgment against Defendant in an amount not less than \$20,000.

COUNT II

UNJUST ENRICHMENT/QUASI CONTRACT

- 31. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 32. In the alternative to Count I, but without waiving any allegation with respect thereto, the Trustee makes the following additional allegations in support of Count II.
- 33. The Debtors conferred a benefit upon Defendant pursuant to the Defendant's Agreements, by agreeing to cover expenses related to markdowns.
- 34. Defendant knowingly accepted the benefit conferred by the Debtors.
- 35. The Debtors reasonably expected to be compensated by Defendant in an amount not less than \$20,000 on account of the benefit conferred upon Defendant.
- 36. Defendant's receipt of benefit without just compensation to the Debtors has unjustly enriched Defendant in an amount not less than \$20,000.
- 37. The Trustee has no adequate remedy at law to recover the Unpaid Obligations.
- 38. Accordingly, as a result of Defendant's unjust enrichment at the Debtors' expense, the Trustee is entitled to restitution from the Defendant in an amount not less than \$20,000.

COUNT III

TURNOVER OF PROPERTY PURSUANT TO 11 U.S.C. § 542

- 39. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 40. In the alternative to Counts I and II, but without waiving any allegation with respect thereto, the Trustee makes the following additional allegations in support of Count III.
- 41. Defendant is in possession, custody, and control of the Unpaid Obligations in an amount not less than \$20,000.
 - 42. Defendant is not a custodian for the Unpaid Obligations.
- 43. The Unpaid Obligations constitute valid and existing debts, due and owing by Defendant to the Debtors.
- 44. The Unpaid Obligations are property of the Debtors' estates under section 541 of the Bankruptcy Code and constitute debts that are matured, payable on demand, or payable on order.
- 45. Despite being requested to do so, Defendant has not turned over or paid to Circuit City the Unpaid Obligations.
- 46. Accordingly, pursuant to Bankruptcy Code section 542,

 Defendant should be compelled to immediately turn over and deliver to the Trustee
 the Unpaid Obligations in an amount not less than \$20,000.

COUNT IV

ACCOUNT STATED

- 47. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 48. In the alternative to Counts I, II, and III, but without waiving any allegation with respect thereto, the Trustee makes the following additional allegations in support of Count IV.
- 49. One or more of the Debtors rendered invoices to the Defendant in the total amount of \$20,000.
- 50. Defendant has failed to pay the outstanding amount of \$20,000.
- 51. An account has been stated between the Debtor(s) which rendered the invoices and the Defendant whereby Defendant is indebted to such Debtor(s) in the total amount of \$20,000.
- 52. Said sums remain unpaid and the Trustee is entitled to judgment against Defendant in the amount of \$20,000 plus interest.

COUNT V

OBJECTION TO THE GENERAL UNSECURED CLAIM AS OVERSTATED

53. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.

- 54. After a thorough review of the Debtors' Books and Records, the Trustee has determined that the General Unsecured Claim is overstated by at least \$1,830.00. In particular, the Trustee has determined that the General Unsecured Claim fails to account for reconciling adjustments and/or provide proper credits to Circuit City.
- 55. As a result, the General Unsecured Claim should be reduced by an amount of at least \$1,830.00 to an amount of no more than \$445,162.50 (the "Modified General Unsecured Claim").

COUNT VI

OBJECTION TO THE GENERAL UNSECURED CLAIM - SETOFF OF THE UNPAID OBLIGATIONS

- 56. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 57. In the alternative to Counts I, II and III, but without waiving any allegation with respect thereto, the Trustee makes the following additional allegations in support of Count VI.
- 58. The Unpaid Obligations arose from business transactions between the Debtors and Defendant.
- 59. The Unpaid Obligations are debts owed by Defendant to the Debtors.

- 60. The General Unsecured Claim also arose from business transactions between Defendant and the Debtors, and is a debt allegedly owed by the Debtors to Defendant.
- 61. Consequently, under applicable law, the Debtors have established valid setoff rights.
- 62. Pursuant to Bankruptcy Code section 558, the Debtors' defenses, including setoff, are preserved.
- 63. Under applicable law, the Unpaid Obligations should be setoff against the General Unsecured Claim.
- 64. After setoff, the General Unsecured Claim should be reduced to \$425,162.50 (\$445,162.50 minus \$20,000).

PRAYER FOR RELIEF

WHEREFORE, the Trustee respectfully requests and prays that the Court:

- i. Pursuant to Count I, enter judgment against Defendant for breach of contract and award the Trustee damages in an amount not less than \$20,000; and
- ii. In the alternative to Count I, pursuant to Count II, enter judgment against Defendant for unjust enrichment and award Circuit City restitution damages on account of Defendant's unjust enrichment in an amount not less than \$20,000; and
- iii. In the alternative to Counts I and II, pursuant to Count III, order Defendant to immediately turn over and deliver to the Trustee the Unpaid Obligations in an amount not less than \$20,000; and
- iv. In the alternative to Counts I, II, and III, pursuant to Count IV, enter judgment against Defendant for an account stated and award the Trustee damages in an amount not less than \$20,000; and

- Pursuant to Count V, reduce the General Unsecured Claim from the overstated amount of \$446,992.50 to \$445,162.50; and
- In the alternative to Counts I, II, and III, pursuant to Count VI, authorize the Trustee to effect a setoff against the Modified General Unsecured Claim, reducing the Modified General Unsecured Claim by \$20,000 to \$425,162.50; and
- Award the Trustee prejudgment interest at the legally allowed vii. applicable rate;
 - viii. Award the Trustee costs, and expenses of suit herein; and
- Grant the Trustee such other and further relief the Court ix. deems just and appropriate.

Dated: Richmond, Virginia November 9, 2010

TAVENNER & BERAN, PLC

/s/ Paula S. Beran_

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- and -

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